

THE IMPACT OF BENCHMARKING APPROACH
TOWARDS PERFORMANCE IN CONSTRUCTION
INDUSTRY

UMAIRAH 'AQILAH BINTI SUDIN

BACHELOR OF PROJECT MANAGEMENT
WITH HONORS
UNIVERSITI MALAYSIA PAHANG

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UMAIRAH 'AQILAH BINTI SUDIN

Report submitted in partial fulfillment of the requirements for the award of the
degree of Bachelor of Project Management with Honors

Faculty of Industrial Management
UNIVERSITI MALAYSIA
PAHANG

DECEMBER 2015

SUPERVISOR'S DECLARATION

I hereby declare that I have checked this thesis and in my opinion, this thesis is adequate in terms of scope and quality for the award of the Degree of Project Management with Honors.

Signature :

NAME OF
SUPERVISOR : WAN MUHAMMAD NOOR SARBANI BIN MAT DAUD

POSITION : LECTURER

DATE :

STUDENT'S DECLARATION

I hereby declare that the work in this thesis is my own except for quotation and summaries which have been duly acknowledged. The thesis has not been accepted for any degree and is not concurrently submitted for award of other degree.

Signature :

NAME : UMAIRAH 'AQILAH BINTI SUDIN

ID NUMBER : PB12041

DATE :

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ABSTRACT

The benchmarking approach is important for each industry, mostly industry that used this tool is construction, hotel management, and food and beverage industry. This study is to identify the factor of benchmarking that influence performance improvement in construction industry and to rank the impact of using benchmarking tool for construction industry. Both of the objectives have huge influence to ensure a success of the project. Therefore, factor of benchmarking also give an impact towards performance of the company. Unimportant factor that used when benchmarking an industry will bring nothing benefits for the organization. The population of this study is 75 employees from executive positions that work in construction companies at Kuantan, Pahang Darul Makmur. The sample size is use as the units of analysis, 63 employees which were from executive position was selected. In conducting this study, random sampling survey method was being used and this questionnaires survey was distributed to respondent by email (Google doc). For data analyzing, this data was carried out by using Descriptive statistic is drawn from Statistical Package Social Science (SPSS) outputs. The finding from this study indicate that the factor of benchmarking have an impact towards performance in construction industry whether improve or become worst.

ABSTRAK

Kaedah penandaan aras penting untuk setiap industri, kebanyakannya industri yang menggunakan alat ini ialah industri pembinaan, industri pengurusan hotel, dan industri makanan dan minuman. Kajian ini adalah untuk mengenal pasti faktor menanda aras yang mempengaruhi peningkatan prestasi dalam industri pembinaan dan menentukan kedudukan tertinggi kesan menggunakan menanda aras dalam industri pembinaan. Kedua-dua objektif mempunyai kesan yang sangat besar bagi memastikan sesuatu projek itu berjaya. Oleh itu, faktor penandaan aras juga memberi satu impak ke arah prestasi syarikat. Faktor tanda aras yang tidak penting digunakan ketika mengaplikasikan untuk sesuatu industri tidak akan membawa manfaat untuk organisasi. Populasi kajian ini ialah 75 orang pekerja dari jawatan eksekutif yang kerja di syarikat pembinaan di Kuantan, Pahang Darul Makmur. Saiz sampel yang diguna sebagai unit analisis, 63 orang pekerja yang mana dari jawatan eksekutif telah terpilih. Dalam menjalankan kajian ini, kaedah secara rawak untuk sampel digunakan dan soal selidik diedarkan melalui medium emel. Untuk mengkaji data ini, ianya dijalankan dengan menggunakan statistic deskriptif menggunakan aplikasi Statistical Package Social Science (SPSS). Hasil daripada kajian ini menunjukkan bahawa faktor penandaan aras mempunyai satu impak terhadap prestasi dalam industri pembinaan sama ada meningkatkan atau menjadi paling teruk.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Process compare process a business of a person and performance metric for best industry and / or best practice from other industrial. The common measure to be measured is quality of product and works, time performance and cost performance. Better, faster, and cheaper is an improvement from learning. Benefits of using this approach to gain an independent perspective about how well they perform compare to other companies. Benchmarking also can clearly identify specific areas of opportunity to improve organization performance. Besides that, benchmarking approach will make organization arrange or do prioritization on improvement opportunities. By implemented this method, organization can set the performance expectations which far can achieve the target and lastly, benchmarking approach make users easy to monitor the performance and make change to improve it.

Generally, no single benchmarking process that has been fully implemented in industries. Usually, benchmarking are used or being applied in hotel industry (Hospitality Benchmark, 2004). The fact is almost every construction project has its value and unique because it have its own criteria, but unfortunately benchmarking practice is not widely used in construction industries due to some lack of information. So, in this research, is study about factor of benchmarking and its impact towards performance improvement in construction industry. Benchmarking approach is one easily tools for achievable the performance measure that relate to process efficiency and effectiveness of benchmarking process.

1.2 BACKGROUND OF STUDY

Performance improvement is important for every construction industry. Implementation of benchmarking approach in construction industry can bring better performance that fulfil customer needs and requirements. Besides that, construction industry become more competitive to be the best among the best and can establishing effective organization goals and target.

In fact according to Lynch and Cross (1995) organization' measure and control a wide range of project variables, but only a few have performance measurement processes, which should provide key support for decision-making processes. This is because of some organization have too many factors need to be measures compare to key process that need to be control. It will cause difficult to organization to make a comparison with other organization because they do not know what key indicators to be measure and priorities.

According to Camp (1995), benchmarking must be an integral part of the planning and ongoing process of improvement to ensure a focus on the external environment as well as to strengthen the use of factual information in developing plans. It can be used as a tools to improve performance by helping the parties involved understand the methods and practices required to achieve targeted performance level as organization's goals.

In this research, the objectives for this research are identify the benchmarking factor that commonly used in construction industry as a measurement for improvement. Each construction industry need to know the common factor before do a comparison with other construction industry that they benchmark, from here data is collected. Second objectives for this research is identify the impact for each benchmarking factor that give effect in

construction industry. Each factor must be have a reasons why it be a measurement factor to be benchmark.

A few number of construction industry have been selected to help completing this research. Construction industries located in Kuantan is the area where result is collected. Anyone that worked in the construction industry is applicable to be a respondent for this research. Common method for benchmarking management practices to be done is by using secondary source which is qualitative benchmarking system; questionnaire.

1.3 PROBLEM STATEMENT

Failure in any construction project especially related to problem and failure in performance. Apart from that, there is many reasons and factors associated with the problem. Ogunlana et al, (1996) states that construction industry performance problem in developing countries may be classified in three coats: Supply shortage problem or lack in industry infrastructure (especially source supply), problem that due to customer and consultant and problem that due to inefficiency contractor / lack. Okuwoga (1998) identifies that performance problem related to poor budgetary control and time. Long et al (2004) says that performance problem arise in construction projects that is large because various reasons like: inefficient designer / contractor, estimate and management change that are weak, social issues and technology, issues relating site and technique that are incorrect and tool.

Samson and Lema (2002) finds that traditional performance measurement system have problems because big number and complex information with approach absence to help the decision maker understand on how to arrange and use that information to conduct organizational performance. Navon (2005) says that old time project performance control usually generic (for example, cost control technique). It depends on manual data collection, which means that it done at low frequency (usually one month once) and that rather old after